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STATE FOR NEA, NEA/IPA, NEA/PPD

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NSC FOR NEA STAFF

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HQ USAF FOR X0XX  
DA WASHDC FOR SASA  
JOINT STAFF WASHDC FOR PA  
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR  
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD  
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD  
LONDON ALSO FOR HKANONA AND POL  
PARIS ALSO FOR POL  
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SUBJECT: ISRAEL MEDIA REACTION

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SUBJECTS COVERED IN THIS REPORT:  
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Aftermath of Obama-Netanyahu Meeting

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Key stories in the media:  
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HaQaretz quoted an American official as saying during PM Benjamin Netanyahu's visit to Washington this week that the U.S. expects Israel to make concrete concessions to the Palestinians before President Barack Obama's visit to Cairo on June 4. The cabinet is due to discuss the situation in Gaza this Sunday, and one concession

the U.S. would like to see is for Israel to decide at this meeting to ease its restrictions on imports and exports of goods to Gaza. It also wants Israel to ease restrictions on movement in the West Bank. The American official was quoted as saying that this would ease Obama's efforts to persuade Arab states to begin taking steps toward normalization, without waiting for a full-fledged Israeli-Palestinian peace agreement. To Netanyahu's pleasure, Obama favors this idea, recognizing that it would soften Israeli public opinion on the peace process. However, American sources were quoted as saying that senior Saudi officials have so far rejected outright the idea of gradual normalization. HaQaretz reported that Saudi Arabia, for its part, has been pressing Obama to present a detailed plan for an Israeli-Palestinian final-status agreement and then urge the parties to begin negotiations on its implementation. Senior Saudi officials have proposed that Obama present a plan similar to that offered by former president Bill Clinton. Israel Radio reported that U.S. and Israeli teams have started discussing security and strategic aspects stemming from the PMQs visit to Washington. IDF Radio quoted political officials in Jerusalem as saying that this was the first time that an American peace plan has been put forward without advance coordination with Israel, and that this was unprecedented and worrisome.

Both Yediot and Maariv (the latter cited Arab sources) led with reported outlines of President Obama's Mideast peace plan -- the establishment of a contiguous demilitarized Palestinian state with East Jerusalem as its capital, the internationalization of the Old City of Jerusalem, the Palestinians' renouncement of the right of return, and normalization of diplomatic and economic relations with the Arab states.

The media reported that Congress and the White House are united in their demand that Israel stop building in the territories and demolish unauthorized outposts. Yediot noted that Jewish officials and Congress members lead this offensive. The Jerusalem Post reported that Netanyahu refused to make any commitments concerning settlements during his trip to Washington.

Leading media reported that the President vowed to maintain Israel's nuclear ambiguity policy.

Leading media reported that yesterday Secretary of State Hillary Clinton made clear that President Obama's administration expects not only Israel and the Palestinians to uphold their commitments, but also Arab nations and other countries. In her meeting with Netanyahu, Clinton stressed Washington's backing of the two-state solution. She also emphasized the White House's demand that Israel halt all construction in West Bank settlements. The Secretary was quoted as saying in a conversation with foreign journalists in Washington: "The President was very clear yesterday in his statement that he wants to see a stop to the settlements.

Maariv reported that Netanyahu told associates that he did not promise not to attack Iran. Israel Radio quoted CIA Director Leon Panetta as saying in an interview with Global Viewpoint that knows that if Israel attacks the Iranian nuclear installations on its own, this would create a giant problem. Panetta acknowledged having visited Israel and talked with Netanyahu. Israel Radio quoted Kurdish leaders in Iraq as saying that they are opposed to letting Israeli warplanes fly over their region on their way to Iran.

The media reported that yesterday the IAF bombed targets in Gaza, including smuggling tunnels and a weapons factory, in retaliation for the launching of a Qassam rocket on Sderot, in which a house was damaged and a resident injured.

The Jerusalem Post reported that the IDF may allow PA forces to police the West Bank town of Tulkarm.

All media reported that yesterday, ignoring warnings from Hamas and his own Fatah faction, PA President Mahmoud Abbas swore in a new government headed by PM Salam Fayyad. Several media said that this would prevent Palestinian national unity.

Leading media reported that yesterday, in a landmark decision, the High Court of Justice ruled that the principle of equality obliges the state to give financial support to private conversion programs belonging to non-Orthodox as well as Orthodox groups. The ruling

was issued in response to a petition by the Reform movement, which until now has received state funding only for nonreligious purposes, such as educational activities or helping new immigrants. Yesterday's decision grants it funding for a clearly religious activity.

Maariv reported that five cabinet ministers (from Yisrael Beiteinu and the Labor Party) will visit Russia over the next month.

Major media reported that yesterday Shin Bet head Yuval Diskin told the Knesset Foreign Affairs and Defense Committee that his service had recommended Israel overthrow the Hamas regime in Gaza while Ehud Olmert was prime minister. He was quoted as saying that this would not require occupying the entire strip, and would enable Israel to advance the peace process. Diskin was quoted as saying that the central question in an operation to overthrow the Hamas regime is the timing. "There is no room for an effective peace process" as long as Hamas rules Gaza, Diskin was quoted as saying. If PA elections were held today, Hamas would very likely win in the West Bank as well as Gaza, he added.

Electronic media reported that Iranian President Mahmoud Ahmadinejad announced Wednesday that Iran has successfully test-fired a new advanced missile with a range of about 1,200 miles, far enough to strike Israel and southeastern Europe as well as U.S. bases in the Gulf. Israel Radio commented that Iran no longer bothers to conceal its military achievements.

Yediot reported that Israel will reopen its embassy in New Zealand after a seven-year hiatus. FM Avigdor Lieberman also announced that Israel will open a diplomatic representation in Sao Paulo.

The Jerusalem Post reported that attracting and retaining young people in the Negev was the focus of the two-day United Jewish Communities conference that opened on Monday in Miami.

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Aftermath of Obama-Netanyahu Meeting:  
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Block Quotes:  
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#### I. "Prepare for Round Two"

The independent, left-leaning Ha'aretz editorialized (5/20): QNetanyahu's return from his first meeting at the Obama White House without having reached any understandings with the president on the most central issues means that Israel has missed an important opportunity. It is to be hoped that in his forthcoming visit to the Middle East, Obama will not leave Jerusalem off his itinerary, but will give Netanyahu another chance to formulate a joint action plan for Israel and the United States, in accordance with the solution that is accepted by most of the world: partition of the land on the basis of the 1967 borders, security guarantees and normalized relations with neighboring countries.

#### II. "Seeing Linkage, Plainly"

The conservative, independent Jerusalem Post editorialized (5/20): QSaeb Erekat, the hard-line chief PLO negotiator, is described as QdiscouragedQ and QdisappointedQ in The Washington Post by the outcome of Monday's White House meeting between Prime Minister Benjamin Netanyahu and President Barack Obama. He started out in a bad mood, telling The Jerusalem Post he opposed any friendly gestures by the Arab League toward Israel even if the Netanyahu government put a total freeze on settlement construction in Judea, Samaria [i.e. the West Bank] ... and metropolitan Jerusalem. Netanyahu has foolishly allowed himself to be perceived as an obstacle to progress by making an issue over Palestinian statehood, when he could so easily have found an Qin principleQ formulation that would in no way have undermined his legitimate concerns about the dangers Palestinian sovereignty poses. On Monday, Obama in effect told Netanyahu: You want our help in stopping Iran getting nuclear weapons? Ease your grip on the West Bank so the Palestinians can create their state there. Exerting leverage in this way is nothing new What makes the current situation unique is the gravity of the Iranian threat and the ascendancy of Hamas and

Hizbullah, combined with the fact that a charismatic American president, capable of using the Qpower to persuadeQ in a coherent and determined manner, is apparently becoming convinced -- in part by ostensible Qfriends of IsraelQ -- that Israeli intransigence is at the root of Palestinian and wider regional tension.... Netanyahu has failed to define Israel's Qred lines,Q or say unequivocally what he's for. Nevertheless, no one whose lobbying platform is indistinguishable from Erekat's should get away with telling you he's Qpro-Israel.

### III. "Politics and Practicality"

Diplomatic correspondent Aluf Benn wrote in Ha'aretz (5/20): QU.S. administrations that want to distance themselves from Israel have always put settlements on the agenda. Israel has always managed to evade this American pressure, and it has expanded the settlements under the pretext of natural growth.... The Obama administration wants to show that, unlike the previous U.S. administration, it does not dote on Israel, so it is no surprise that the settlements have once again taken center stage. This poses a problem for Netanyahu, since his coalition has a firm majority of right-wing Knesset members.... The settlements will pose a far greater problem for Netanyahu than the two-state solution, since on that issue, the Americans are ready to demonstrate understanding of his political constraints.

### IV. "It Will Be Gloriously Bad"

Eytan Haber, veteran op-ed writer and assistant to the late prime minister Yitzhak Rabin, opined in an editorial of the mass-circulation, pluralist Yediot Aharonot (5/20): QObama wants to separate the Siamese twins that have been connected for a generation -Q the U.S. and Israel. What to do, he doesnQt like the pictures that arrived over the last decades from Jakarta and Tripoli showing the Israeli and U.S. flags always being burned together. Speeches in Tehran and Karachi always talked about American-Zionist imperialism.... Make no mistake -- no one knows this better than Netanyahu -- words of praise and courtesy are part of known American hypocrisy... At this stage America is moving away from Israel....The window of opportunity in the decades-long special relationship is beginning to close.

### IV. "An American Message"

Senior Middle East affairs analyst Zvi Bar'el wrote in Ha'aretz (5/20): QThe public dialogue between U.S. President Barack Obama and Prime Minister Benjamin Netanyahu was intended partly as an American monologue for Arab states, and particularly Iran. Obama further clarified his Iran policy Monday when he explained that he does not intend to limit discussions with Tehran by setting a date in advance, and said he is willing to include Iran as a partner to diplomatic negotiations in the region. The nuclear issue has taken on a softer tone, with Obama hinting an Iranian nuclear weapon would be a danger to the Islamic Republic itself, as it could lead to nuclear technology spreading to neighboring Arab states. Obama QforgotQ all about Syria, not mentioning it by name and only implicitly including it in the hoped-for peace agreement between Israel and its Arab neighbors. For now, these messages may calm the nerves of Egyptian President Hosni Mubarak -- who is scheduled to visit Washington next Tuesday -- and Saudi Arabia, which is closely watching Obama's intentions on the Palestinian issue and Iran.

### VI. "Dispute Management Strategy"

Deputy Editor-in-Chief Uri Elitzur, who was director of the prime minister's bureau during Netanyahu's first term, wrote in the editorial of the nationalist, Orthodox Makor Rishon-Hatzofe (5/20): QIn the foreseeable future, there will be unfriendly relations between Israel and the U.S., and quite a bit of friction. This does not stem from the Prime Minister's personality, and it would not have been significantly different had Olmert still been prime minister. It stems mainly from the change in U.S. policy. What the prime minister must do now is draw up a dispute management strategy with the U.S. -- how to maintain ongoing relations with the U.S. without reaching a rift. A great deal of wisdom is needed here, and an understanding of the U.S. and the forces operating in it, and Netanyahu has both of these more than any other Israeli leader.

